Alberta Economic Development

2001 - 2002
International Offices Annual Report

A World of Opportunities

Alberta
GOVERNMENT OF ALBERTA
CANADA

THE ALBERTA ADVANTAGE

Alberta is blessed with an abundance of natural advantages that form the foundation of its thriving economy. The Alberta government has built on this foundation by fostering a positive business climate based on efficient and modern infrastructure; a young, skilled productive labour force; a globally competitive business tax environment and the lowest overall personal tax regime in Canada. The result — one of the world's most vibrant and competitive economies, and one that encourages investment — creates diversity and encourages Alberta businesses to compete successfully around the globe.

A WORLD OF OPPORTUNITY

Today the world is a global marketplace of intense competition and untold opportunity. More than 2,000 Alberta businesses export goods and services to more than 150 international markets around the world. Close to half a million jobs are linked to the business we do in international markets. With this in mind, it is increasingly important that Albertans continue to work together, at home and abroad, to promote the prosperity of the province and the development of a strong market-driven economy.

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Minister's Message

In today's economy, goods and services are sold to clients around the world. People, investments and businesses are mobile, moving to wherever they get the best results.

It is in this context that Alberta is taking its place on the global economic stage. Government and industry, committed to working together, are building on the strengths of our economy and setting goals that will establish a strong and sustainable international presence for our province.

Alberta's international offices help build on Alberta's reputation as a reliable supplier of high-quality goods and services. They help Alberta industries identify emerging markets and adjust to the dynamics of international trade. They provide corporate intelligence that attracts investment and tourism. In short, they open doors in other cultures and help develop long-term relationships abroad that are essential to Alberta's international economic success.

In February 2002, Alberta opened a trade and investment office in Munich, a vital link to the European Union and an important investment market. The province is opening another office in September 2002 in Mexico City, an important partner in the North American Free Trade Agreement and a conduit to trade and investment throughout Latin America. These two new offices, along with Alberta's eight other trade and investment offices, continue Alberta's 30-year tradition of maintaining an economic presence in important international markets.

I am pleased to present the 2001-02 International Offices Annual Report. I hope you find the information about Alberta's economic presence abroad both helpful and enlightening.

Mark Norris
Minister of Economic Development
MLA Edmonton-McClung

Deputy Ministers Message

International trade is essential to Alberta's economy. More than 2,000 Alberta businesses export goods and services around the world. Over one-third of our economic activity — more than $59 billion of goods and services in 2000-2001 — is linked to exports of Alberta's goods and services and almost 500,000 jobs are linked to international markets.

At the same time, new investment is a key to the continued diversification of Alberta's economy, to its sustainable growth and to the well-being of Albertans. In recent years, investment has accounted for up to 25 per cent of Alberta's gross domestic product.

Alberta's international offices are an important means of expanding the province's global trade and investment opportunities. This annual report measures the outstanding accomplishments of our international offices this year and the satisfaction levels of Alberta and international business people who used their services.

Once again, Alberta's international offices have helped raise awareness that Alberta is the best place in the world in which to live, work and invest.

Barry Mehr
Deputy Minister of Economic Development

Executive Summary

The industrial age has given way in recent years to the information age. Advanced approaches and technological innovation in traditional industries and new, information-driven industries now feed the increasing globalization of economies. Trade barriers are constantly changing and new markets are opening for business. For Alberta to achieve sustainable prosperity, its economy must continue to evolve from one once dependent on natural resource sectors to one more fully diversified, closer to the needs of consumers, and ready to take advantage of new opportunities by moving up the value chain.

Alberta's International Marketing Strategy, AIMS, sets the course the province is taking to make the most of its potential and to deliver maximum return on investment. Alberta's long-term commitment to economic diversification requires growth of knowledge-based industries and increased trade in value-added goods and business services. Alberta's international offices play an important role in promoting these sector strategies by providing a bridge to the important markets, opening the door for new diversified industrial sectors, showcasing the Alberta Advantage, encouraging investment in our province and, most importantly, identifying trends and resulting opportunities for Alberta businesses.

At the end of the 1999-2000 fiscal year, the Ministry of Alberta Economic Development was asked to develop a framework that accurately measured the performance of Alberta's international offices. A performance measurement framework was developed in the 2000-2001 fiscal year and, as a result, recommendations were made to open offices in Germany and Mexico. Based on the performance measurement framework, these recommendations for expansion are being implemented.

In February of 2002, Alberta opened its newest international office in Germany. The world's third-largest industrial economy, Germany is the centre of the European Union. The Alberta Germany Office in Munich provides strategic information and business services that identify trade markets for Alberta companies in Germany and opportunities to attract investment to Alberta from that country.

A new Alberta office in Mexico City, co-located in the Canadian Embassy, opens in the fall of 2002. The small Guadalajara office in Mexico was closed in the fall of 2001. Along with being a member of the North American Free Trade Agreement, Mexico holds enormous promise as a portal to other Latin American countries. The past year also saw the number of staff in the Alberta China Office in Beijing increase from two to six to meet demand and opportunities in that growing market.

With these new offices, the Alberta government now operates 10 international offices in eight different countries and regions in the world.

BUDGET

In the 2001-2002 fiscal year, Alberta's international offices operated with unforeseen additional expenditures — a direct result of increased security costs imposed by the federal government on co-located Alberta offices after the events of September 11th. Another important factor was a one-time retirement/ pension requirement in the Asian offices.

PERFORMANCE MEASUREMENT RESULTS

It is important to note that the 2001-2002 fiscal year results are the first complete year of results and will serve as an important benchmark for future measurements.

Based on the policy direction given to Alberta Economic Development, significant adjustments have been made to the performance measurement framework that will help streamline the operation of the offices and optimize the services the international offices deliver. In order to assess the effectiveness of the international offices, three key performance measures have been collected: the number of business introductions, the number of qualified sales and investment leads facilitated by the international offices, and satisfaction levels of Alberta organizations that have used the services of the international offices. These key performance measures have been integrated into the ministry's current business plan.

In the 2001-2002 fiscal year, the international offices performed a total of 882 business introductions and generated 551 qualified sales and investment leads. Because the previous year's measurements were not based on a full year, comparisons between the two years may not be statistically accurate. Nonetheless, the figures suggest there was a significant increase in the number of business introductions and qualified leads the international offices made in this fiscal year.

In order to determine the satisfaction levels of Albertan and international clients with the services provided, a client satisfaction survey was carried out through the fiscal year 2001-2002 that gathered feedback from clients on three business services provided by the international offices: business facilitation, advice on cultural practices, and the provision of market intelligence. 87.4 per cent of respondents expressed overall satisfaction with the services provided. Respondents were most likely to rate business facilitation and market intelligence as most important services. The service with which the majority of respondents were most satisfied was business facilitation and almost 95 per cent of respondents would consider using the services provided again.

CONCLUSION

Overall, the international offices have proven to be an effective means to support international trade and attract investment for the Province of Alberta. Increases in office efficiency and successes as well as client satisfaction indicate a positive trend for the offices.

A World of Opportunity

WHERE ALBERTA FITS IN THE GLOBAL PICTURE

Despite the high-tech downturn, a drop in manufacturing output, low growth in capital spending experienced by the rest of the world, and the events of September 11th, Alberta's economy continued to outperform both national and international growth.

THE ALBERTA ADVANTAGE

Alberta is blessed with a host of undeniable advantages that are attractive to companies wishing to invest in our province. The Alberta government continues to do all that it can to make the province the best place in which to do business. Alberta has the lowest tax rate in Canada and is the only province with no provincial sales tax. It has the youngest and highest-educated workforce in the country. Alberta's entrepreneurial spirit has led to the highest level of privatization in Canada and the lowest unemployment rate. Despite the recent global economic cool-down, Alberta is still expected to lead the nation in economic growth.

ALBERTA'S KEY INDUSTRIAL SECTORS

The international offices help many Alberta industrial sectors compete on the international stage. Traditional sectors such as agriculture, education, energy and tourism continue to produce economic success, while emerging sectors such as life sciences, information and communications technologies and aerospace hold a great deal of potential.

ADDING VALUE TO THE ALBERTA ADVANTAGE

Each one of Alberta's industrial sectors has value-added potential regarding trade and investment. The intention of Alberta's value-added strategy is to not only promote the trade and investment of one resource, good, or product, but also the related services and expertise.

SOME OF ALBERTA'S HOTTEST VALUE-ADDED SECTORS

AEROSPACE

Approximately 60 companies make up the aerospace/defense sector in Alberta. The industry employs over 7,500 people in a variety of engineering, technical and management disciplines. The total sales of goods and services in 2001 is estimated at $675 million. More than 80 per cent of Alberta aerospace goods and services are for out-of-province customers. Alberta's aerospace industry production is made up of 30 per cent manufactures (goods) and 70 per cent services. Sixty percent of goods and more than half of the services are exported.

AGRI-FOOD

With a strong and diverse agricultural production base and an annual revenue of $9.9 billion in 2001, Alberta is facing the future with an innovative and entrepreneurial spirit focused on meeting global demand for value-added agricultural production. Value-added agriculture is now the province's largest manufacturing sector, generating 23.3 per cent of all manufactured goods. Alberta's high-quality agri-food products and technological expertise are increasingly acknowledged and sought after in markets around the world.

ARCHITECTURE, ENGINEERING AND CONSTRUCTION

Alberta's architecture, engineering, and construction (AEC) firms make a major contribution to Alberta's economy, currently accounting for more than 16 per cent of the province's GDP and revenues of $23.4 billion in 2001. AEC is a knowledge-based sector and the people employed in it have succeeded in developing diverse, world-class skills. The industry grows because of its on-going participation in Alberta's infrastructure and resource development investment activity. The AEC sector underlies much of the key provincial economic performance.

BUILDING PRODUCTS AND VALUE-ADDED WOOD

Alberta's building and wood products sector produces a wide range of components that are used in residential, commercial, industrial, and institutional construction. This industry sector had $5.3 billion in annual revenue in 2001, and is a major contributor to Alberta's manufacturing sector. Companies involved in commodity wood products have been successful in making substantial sales to export markets including the USA with 90 per cent of the exports, Asia with seven per cent and Western Europe and South America with three per cent.

CHEMICALS AND PETROCHEMICALS

The chemical and petrochemical sector is Alberta's second largest manufacturing sector, with total shipments exceeding $7 billion and exports of more than $3 billion annually. The three major components of Alberta's chemical sector are ethylene and derivatives, methanol, and fertilizers. Some 20 large international chemical companies have manufacturing operations in Alberta and dozens of smaller firms produce or blend specialty chemicals. Alberta chemicals are used in plastics and plastic products, plant nutrients, pulp bleaching, antifreeze, fuels, textiles, detergents and hundreds of other everyday products.

ENVIRONMENTAL TECHNOLOGIES

The environment industry is comprised of companies that produce goods and services used to measure, prevent, limit, or correct environmental damage to water, soil and air, as well as problems related to waste, noise and ecosystems. The sector in Alberta consists of approximately 850 firms – 14 per cent of total environmental firms in Canada – with annual revenues of $3.0 billion in 2001 and over 80 per

cent of their economic activity derived from the provision of services to resource and manufacturing industries. The industry currently employs 20,000 highly skilled workers in firms that are typically small and medium in size with 75 per cent having fewer than 50 employees. Forty-six per cent of the firms in this sector sell their products and services outside Alberta, with most of the exports to the USA.

LIFE SCIENCES

The global market for biotechnology and pharmaceuticals, particularly biopharmaceuticals, today is worth $400 billion US and is growing at a rate of 25 per cent annually. Biotechnology, health services, medical devices and pharmaceuticals are all growing components of this vibrant high-tech sector in Alberta. Alberta ranks among North America's top 10 centres for medical research, and is headquarters for several Canadian Networks of Excellence. The province has several assets in its infrastructure that contribute to growth in this sector, including research excellence in genomics and proteomics, bioinformatics, immunotherapeutics, and agricultural biotechnology. Alberta produces a range of medical devices, software and electronics with medical applications and offers a variety of health support services.

INDUSTRIAL MACHINERY AND EQUIPMENT

This sector provides a large value-added component to Alberta's economy. Manufacturing's use of intermediate goods and services in production processes means that it generates a substantial multiplier effect on the economic activity at the intermediate level: for every dollar of a manufactured product sold to a final user, an additional $1.19 of intermediate activity is generated. Most of this sector provides equipment to the energy industry; Alberta boasts world-class technologies and services that are in demand throughout the world, generating over $5.9 billion in total revenues in 2001. Canadian exports of oil and gas equipment and services reached $4 billion in 2001, with 55 per cent of Canada's exports going to the USA.

INFORMATION AND COMMUNICATION TECHNOLOGIES

The global market for information and communication technologies (ICT) has undergone tremendous change over the past few years. Alberta has the opportunity and the ability to compete globally in the new economy. Alberta is well positioned to continue to develop its ICT sector: it has a solid base in ICT, a strategy for economic diversification, an entrepreneurial culture suited to change, and a significant cost advantage for doing business. This sector continues to promise growth for future. In 2001, total revenues reached $11.0 billion. The Alberta Science and Research Authority estimates that by 2010, Alberta's ICT industry will employ over 140,000 people and generate annual revenues in excess of $30 billion.

Alberta Economic Development Overview

To understand and evaluate the performance of Alberta's international offices, it is important to understand the direction the Alberta government and the Ministry of Alberta Economic Development are taking.

VISION

Alberta is the best place in the world to live and do business.

MISSION

To facilitate business and community prosperity.

VALUES

Above all, Alberta Economic Development values its key product: the delivery of the right information in the right timeframe to impact industry investment decisions.

CORE BUSINESSES

In order to ensure that Alberta has a strong and diverse economy, a globally competitive business community and growing tourism industry, the ministry has established three core areas of business. Alberta's international offices perform certain functions within these core areas of operation.

CORE BUSINESS 1: STRATEGIC ECONOMIC LEADERSHIP

Alberta Economic Development provides strategic information and planning input for Alberta's economy by identifying the constraints to, and opportunities for, economic sustainability. It also leads in facilitating a coordinated approach to addressing Alberta's economic challenges in collaboration with other government departments and agencies.

Alberta's international offices provide a valuable geographic perspective to trade and investment and have aided in the development of Alberta's International Marketing Strategy and sector teams.

CORE BUSINESS 2: STRATEGIC INTELLIGENCE THAT DRIVES INDUSTRY DEVELOPMENT.

Alberta Economic Development provides strategic and market intelligence to facilitate business contacts, relationships, and networks within Alberta and in international markets to increase trade, investment and growth. Strategic intelligence provided by the department also identifies business and market opportunities for Alberta companies, encourages expansion, and improves competitiveness. The department also supports regional alliances and economic clusters that attract investments and sustain and retain economic activity.

Alberta's international offices provide valuable local market information that give export-ready companies a foundation from which to investigate and pursue trade opportunities on the international stage.

CORE BUSINESS 3: POSITIONING AND PROMOTING ALBERTA FOR TOURISM TRADE & INVESTMENT

As the marketing arm of the Alberta government, the ministry is responsible for coordinating the government's efforts related to tourism marketing and development, investment and business attraction and the promotion of exports and trade.

The international offices introduce the world to Alberta, promoting the province as a vibrant, attractive tourism and tourism investment destination. The offices also identify international trade opportunities for Alberta companies and showcase investment opportunities to world markets that are considering investing in Alberta.

Alberta's International Marketing Strategy (AIMS)

In 2000, the Alberta Government launched its International Marketing Strategy as part of Alberta's Framework for International Strategies. Focusing on regions and industrial sectors that offer the greatest possibilities for new or expanded business — markets that offer the highest potential for return on investment and efforts Alberta makes to tap into them — the strategy identifies target markets, selects the best initiatives, and develops activities to achieve economic growth.

The strategy recognizes that the government creates and maintains an environment that helps businesses develop and pursue trade and investment opportunities. The strategy is modified as the world economy evolves. Alberta's international offices helped to develop AIMS and the everyday operations and dealings of each of the international offices work to carry out this important strategy.

The Role of Alberta's International Offices

OPENING DOORS

Simply put, one important role of Alberta's international offices is to provide a matchmaking service, bringing Alberta-based companies and the international marketplace together. In this way, they help to increase both Alberta's exports and international investment in Alberta.

Alberta's international offices not only implement economic development initiatives such as helping Alberta-based companies secure and grow their business presence around the world, they also provide an important point of government-to-government contact. In this capacity, they assist other Alberta government departments with international and inter-governmental relations, acting as a home base abroad, and aid quasi-governmental organizations such as the Alberta Research Council in their international endeavors.

These offices are designed and staffed to meet the needs of Alberta businesses in their endeavors to achieve international success. Specifically, they assist incoming and outgoing trade missions and trade shows and market Alberta as an investment, tourist and immigration destination. Each office maintains a network of government and business contacts in its local market, making it much easier for visiting Alberta-based companies to identify business opportunities and sources of investment. By forging these strategic alliances, the international offices assist businesses in making first contact and effectively facilitate foreign joint ventures for trade and investment

Alberta currently operates 10 international offices with the majority being located in the Asian market. The level of service varies from office to office and depends on the financial and human resources allocated.

FULL-SERVICE OFFICES

Full-service offices have all the resources companies need to be proactive in the market and can reallocate these resources according to immediate and long-term priorities. These offices provide a wealth of specific market and industry intelligence along with office space, facilities and staff that visiting Alberta companies can make use of. The number of staff can range from seven to 12 trained personnel who are ready to provide a variety of supports — from liaison functions to one-to-one consultation. Alberta currently offers full-service offices in Japan and China.

MID-LEVEL SERVICE OFFICES

These offices provide the same level of client services as a full-service office, but with fewer staff, and as a result, less depth in client service and resources. This level of service generally tends to be somewhat less proactive. Staff levels range from three to four people. Alberta currently offers mid-level service offices in Hong Kong and South Korea.

SECTORAL SERVICE OFFICES

Sectoral service offices operate on a contractual basis with one or two individuals and a focus on one or a few specific industry sectors. In general, this level of service operates proactively in key sectors and on a reactive basis for other inquiries. Alberta offers sectoral services in Portland, USA; Taipei, Taiwan; Munich, Germany, and from its sub-office in Harbin, China.

Alberta Japan Office

Japan is Alberta's largest export market after the United States and has been an important market for the province for more than 30 years. Because Japanese business is strongly relationship-driven, personal contacts and introductions are essential to establishing solid business relationships. The Alberta Japan Office helps Alberta businesses increase their chances of success, despite the intricate corporate and cultural complexities of the Japanese market. The office is bilingual and is an action-oriented organization with extensive contacts in Alberta and Japan to call upon to facilitate business opportunities of mutual benefit.

2001-2002 HIGHLIGHTS

Working with the University of Alberta and with Alberta Innovation and Science, the Alberta Japan Office leveraged its knowledge and contacts at Seiko Instruments to help facilitate their decision to conduct joint industry research and development work on wearable physiological monitors at the University of Alberta. The project includes industry and government support, and has been a key focus of the office for the past four years. The project commenced on April 1, 2002, with an initial investment of close to $3 million Cdn.

With the help of the Alberta Japan Office, Alberta-based Belgium chocolate producer, Bernard Callebaut, exported approximately $500,000 Cdn worth of its world-renowned chocolate to the Yatsumoto Tsusho. In addition to the chocolate, Bernard Callebaut has established two retail outlets in Japan, which the Alberta Japan office has supported since the planning stage. Sales in both outlets are doing very well.

In June 2001, an Alberta Food Business Seminar was held in Nagoya and Osaka to investigate key Japanese regional markets with government, association and industry partners to determine interest levels of purchasing Alberta food products. The seminar attracted more than 280 participants, exceeding expectations by 40 per cent. In addition, 87 per cent of Osaka participants, and 92 per cent of the Nagoya participants, felt the seminar benefited them in buying or promoting Alberta products. As a result of the seminar, the office was able to successfully facilitate a contract of 15 full container loads of canola oil from an Alberta supplier, worth an estimated $495,000 Cdn.

On July 18 and 23, 2001, the Alberta Japan Office successfully completed Regional Canadian Housing Seminars in Morioka and Matsumoto. A total of 104 people participated in Morioka and 114 in Matsumoto. On these two occasions, the office was able to enhance its relationship with the executives of the leading local building companies in both locations.

OFFICE AT A GLANCE

ESTABLISHED: 1970
LOCATION: Place Canada, Third Floor, 3-37 Akasaka 7-chome, Minato-ku, Tokyo 107
TYPE: Full Service
STAFF: 1 posted, 9 locally engaged

SERVICES:

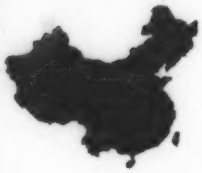
- Focused on market intelligence and marketplace services to Alberta businesses, establishing business relationships with Japanese companies, expanding trade opportunities in Japan for Alberta businesses
- Also involved in investment attraction and tourism and educational opportunity attraction

EXPORT SECTORS:
Building Products, Chemicals & Petrochemicals, Education & training, Energy, Environmental Products & Services, Health & Life Sciences, Information and Communications Technology

NATIONAL POPULATION:	126.5 million (2000)
TOTAL ALBERTA EXPORTS (2001):	$1.3 billion Cdn (rank: 2nd)
MANUFACTURES (1997-2001 AVERAGE):	$733.3 million Cdn
FOREIGN DIRECT INVESTMENT IN CANADA (2001):	$8.3 billion Cdn

MARKET SIZE (2001):

Nominal GDP:	$4.1 trillion US
GDP/Capita:	$27,025 US purchasing power parity



Alberta China Office

The Alberta China Office consists of three offices in two cities. The office's main location is in the city of Beijing within the Canadian Embassy. A second location in the city can be found in the China National Petroleum Corporation - Alberta Petroleum Centre. The third office is located in the city of Harbin, in northeast China. In 2001, China became a member of the World Trade Organization. Much has been written about the opportunities for exports. The world now awaits the actual implementation of new tariffs and more transparent trade regulations.

The Alberta China Office works to create a business environment for big and small enterprises alike and actively seeks cooperation with government and business entities of interest to maximize Alberta's opportunities.

2001-2002 HIGHLIGHTS

Last year, Alberta exports to the China market increased by 17 per cent and China was the third-largest export market for Alberta. Alberta services are becoming more apparent in this market. The Alberta China Office now has a directory of *Alberta Businesses Operating in China* with over 40 companies.

On October 12, 2001, Medicine Hat College and Jinwei Translation Institute in the County of Shaodong, Province of Hunan, China signed a cooperation agreement that includes a program in which college students will begin their studies at Jinwei Translation Institute in China and complete them at Medicine Hat College, earning credits from both institutions. It is expected that this innovative program will pave the way for future cooperative ventures between Alberta and China.

In March 2002, Dr. Rod Fraser, president of the University of Alberta, led a delegation that visited Beijing, Tianjin and Hong Kong. Accompanied by staff from the Alberta China Office, the visit was successful in meeting with government agencies such as the Ministry of Education, Ministry of Science and Technology and research institutes such as the Chinese Academy of Forestry. The University of Alberta delegation also met with many educational institutions in China. It is expected that more business between China and Alberta will be developed through the University of Alberta's activities and through the network of University of Alberta alumni in Beijing.

In 2002, the Alberta China Office helped facilitate a contract between Calgary-based Alta Exports International Ltd., Xinjiang Gold Cattle Bio. Stock Ltd. and the China National Animal Stock Import and Export Corporation in China. The contract was for the delivery of 190 purebred cattle, 1,000 purebred embryos and 3,000 semen vials containing a wide variety of breed semen and embryos. The deal represents the first non-stop shipment of cattle directly to China from Alberta.

With the help of the Alberta China Office, Edmonton-based Stantec Consulting International Ltd. worked with Otto S.C. Lo to obtain the feasibility studies for Route 2 of the proposed Chengdu light rail transit system and the Chengdu hazardous waste treatment plant. A memorandum of understanding was signed for the hazardous waste treatment plant and representatives from Chengdu have agreed on the wording for an memorandum of understanding for the feasibility study for Route 2 of the light rail transit system.

A delegation comprised of Alberta industry (Canadian Petroleum Institute, Shell Canada and Climate Change Central), the Alberta government (Alberta Environment), the Canadian government (Canada CDM/JI Office of Canada DFAIT) and Canadian industry (International Offsets) visited China to build relationships with the key players in China's government and energy industry, to develop the capacity and potential for Clean Development Mechanism (CDM) projects. CNPC - Alberta Petroleum Centre assisted the delegation in meeting arrangement, logistics and translation. In addition CNPC - Alberta Petroleum Centre participated as a partner in signing the Letter of Intent with three Alberta organizations to pursue cooperation in the CDM projects.

OFFICE AT A GLANCE

BEIJING

ESTABLISHED: 2000
LOCATION: Canadian Embassy, 19 Dongzhimenwai Dajie, Chaoyang District, Beijing 100600
TYPE: Full Service
STAFF: 2 posted, 4 locally engaged

SERVICES:

- Market intelligence and services to Alberta businesses seeking to enter the Chinese market establishing business relationships with Chinese companies, expanding trade opportunities in China
- Alberta China Office also promotes the Alberta Advantage and encourages Chinese investment in Alberta
- Harbin contract representative focuses on sectoral opportunities in northeast China
- China National Petroleum Corporation - Alberta Petroleum Centre advances petroleum and environmental science, technology, education and human resource transfers between Alberta and China

EXPORT SECTORS:
Agriculture; Architecture, Engineering & Construction; Aerospace; Building Products; Chemicals & Petrochemicals; Education & Training, Environmental Products & Services; Health & Life Sciences, Industrial Manufacturing & Equipment, Information & Communications Technology

NATIONAL POPULATION:	1.26 billion
TOTAL ALBERTA EXPORTS (2001):	$888.8 million Cdn (rank: 3rd)
MANUFACTURES (1997-2001 AVERAGE):	$378.1 million Cdn
FOREIGN DIRECT INVESTMENT IN CANADA (2001):	$203 million Cdn

MARKET SIZE (2001):

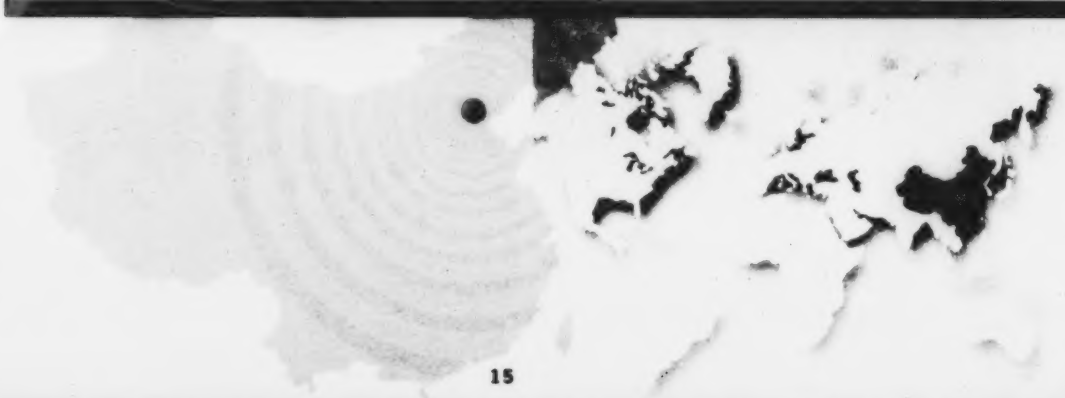
Nominal GDP:	$1.1 trillion US
GDP/Capita:	$4,700 US purchasing power parity

CNPC - ALBERTA PETROLEUM CENTRE

ESTABLISHED: 1989
LOCATION: CNPC - Alberta Petroleum Centre, #20 Xue Yuan Road, Science and Technology Building, HaiDian District, Beijing 100083
TYPE: Sectoral
STAFF: 1 posted, 3 locally-engaged

HARBIN

ESTABLISHED: 1994
TYPE: Sectoral
LOCATION: 294 Fendou Road, Harbin, China 150001
STAFF: 1 contract



Alberta Hong Kong Office

The Alberta Hong Kong Office assists Alberta companies with market information, export counseling, and with joint venture/agent and distributor matches. The office actively promotes Alberta's expertise in high-tech and environmental technology within southern China, and has organized tailor-made programs in Alberta for potential Hong Kong investors. As well, specific business opportunities and market intelligence is acquired and posted on the Alberta Hong Kong website.

The office also provides Alberta market and tourist information to Hong Kong firms and individuals. Thousands of Hong Kong students, primarily secondary and post-secondary, come to Alberta for education and English language training. Hong Kong students contact the office regularly regarding study opportunities in Alberta.

2001-2002 HIGHLIGHTS

In the past year, the Hong Kong offices assisted over 120 Alberta visitors and 60 Alberta companies in joint venture/agent and distributor matches. The office has been active in promoting Alberta's expertise in high-tech and environmental technology within southern China, and has organized tailor-made programs in Alberta for potential Hong Kong investors. Through the Hong Kong office, the Alberta Advantage was well profiled in the first China Hi-Tech Fair in Shenzhen, the Hong Kong Information Infrastructure Exhibition in Hong Kong and the China Environmental Technology Exhibition in Guangzhou.

The Alberta Hong Kong Office successfully facilitated market expansion in Asia for the Calgary-based company NetThruPut Inc., which provides an electronic trading platform for crude oil and petrochemicals. The on-line trading and information system offers a secure environment to transact anonymous, real-time trades with the assurance of guaranteed commodity delivery and payment. Investment from Hong Kong partners in this venture is $5 million US.

Equipped with the extensive market intelligence and appropriate referrals supplied by the Hong Kong Office, an engineering company in Edmonton made a business arrangement in a major city in south-west China for a hazardous waste treatment plant, and other municipal engineering projects. Initial involvement of the facilities could amount to $16 million US.

Working together with the Hong Kong office, Artec Enterprises Ltd. of Calgary gained major inroads into Chinese markets for its acrylic latex architectural wall coatings.

The debut of the Calgary Stampede in Hong Kong for two consecutive Chinese New Year Parades, supported by high level visits by Premier Ralph Klein, has elevated the profile of Alberta. Beginning in 2001, the Alberta Hong Kong Office has successfully facilitated the organization of outbound tours of the Stampede.

OFFICE AT A GLANCE

ESTABLISHED: 1980
LOCATION: Room 1004 Admiralty Centre, Tower Two, 18 Harcourt Road, Central, Hong Kong SAR
TYPE: Mid-level service
STAFF: 1 posted, 3 locally engaged

SERVICES:

- Provides market intelligence, information, analysis, export counseling, identification of business partners in trade and investment for Albertans
- Promotes Alberta Advantage in Hong Kong, southern China, Taiwan and Southeast Asia
- With Hong Kong being the primary source for international student recruitment, office is actively engaged in this activity

EXPORT SECTORS:
Chemicals & Petrochemicals, Education & Training, Environmental Products & Services, Health & Life Sciences, Information and Communications Technology

HONG KONG POPULATION:	6.8 million
TOTAL ALBERTA EXPORTS (2001):	$100.6 million Cdn (rank 15th)
MANUFACTURES: (1997-2001 AVERAGE)	$104.9 million Cdn
FOREIGN DIRECT INVESTMENT IN CANADA (2001):	$4.3 billion Cdn

MARKET SIZE (2001):

Nominal GDP:	$161.9 billion US
GDP/Capita:	$28,170 US purchasing power parity

Alberta Korea Office

The Alberta Korea Office has seen Korea develop into a thriving, democratic nation in the past decade. Today, with greater market access, Korea has become a much friendlier market for Alberta exporters. The office provides information and services relating to business immigration, tourism, and market opportunities, as well as providing intelligence to Alberta businesses on Korean market opportunities. Specific investment promotion projects include work in the energy, agriculture, and construction sectors.

Another role includes promoting Alberta as a place of study through the Canadian Education Fair, individual and group consultations and seminars. Alumni associations of Alberta universities in Korea have proved to be highly effective in this regard. The office not only promotes Alberta exports, tourism, investment and educational opportunities, but it also works with Alberta International and Intergovernmental Relations on projects in Kangwon, Alberta's sister province.

2001-2002 HIGHLIGHTS

The Alberta Korea Office has been instrumental in attracting several high-level Korean business missions to Alberta. In the past year, the office facilitated 31 business, educational and governmental missions from Alberta to Korea, and seven missions from Korea to Alberta.

One business introduction facilitated by the Alberta Korea Office led to Calgary-based Evans Console Products Corp. and its Korean agent, True Technology Corp., signing a contract worth $300,000 US with the government-run Korean Water Resources Corp. to supply console products.

Korean Panko Enterprises bought a small and medium-sized beef slaughtering plant in Claresholm, Alberta for approximately $1.2 million Cdn and spent an additional $2 million Cdn to expand the facility. Panko will export beef and offal to the Korean market and is looking to soon become very involved in Alberta's pork industry.

The Alberta Korea Office introduced Alberta-based company Igloo Building Supplies to Mr. I.D. Bok, president of New Canada Housing Corp (NCHC). In early March of 2002, Mr. Bok built a "stick frame" house in central Korea, importing the building materials worth $250,000 Cdn from Igloo to build the house. Igloo also supplied two carpenters and one electrician. This year, NCHC will build up to five new units in central Korea and will import housing materials through Igloo at an estimated cost of approximately $1 million Cdn.

The Alberta Korea Office is helping Seoul City Gas Corp. to satisfy its interest in making a significant investment in Alberta oil production and exploration projects. The South Korea Office introduced Indian Oil and Gas Corp. to Seoul City Gas Corp. (NCHC) which has led to the Korean company contracting Indian Oil and Gas Corp. to provide more information on the oil exploration projects. Seoul City Gas Corp. recently set up an office in Calgary and is currently negotiating with SEGUE Energy Corporation in Alberta for an oil and gas production project which represents an investment of approximately $7 million Cdn.

OFFICE AT A GLANCE

ESTABLISHED: 1989
LOCATION: Canada Embassy, 9th Floor, Kolon Building, 45, Mukyo-dong, Chung-ku, Seoul 100-170
TYPE: Mid-Level service
STAFF: 1 Posted, 2 locally engaged

SERVICES:

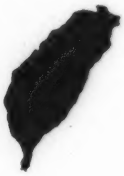
- Positions Alberta as a place to be included in Korean business decisions
- Provides information, services, and market intelligence relating to trade, tourism, investment and business immigration opportunities
- Promotes Alberta as a place of study

EXPORT SECTORS:
Building Products, Chemicals & Petrochemicals, Education & Training, Energy, Environmental Products & Services, Health & Life Sciences, Information and Communications Technology

NATIONAL POPULATION:	47.7 million
TOTAL ALBERTA EXPORTS (2001):	$461.4 million Cdn (rank: 5th)
MANUFACTURES (1997-2001 AVERAGE):	$359.2 million Cdn
FOREIGN DIRECT INVESTMENT IN CANADA (2001):	$185 million Cdn

MARKET SIZE (2001):

Nominal GDP:	$422.7 billion US
GDP/Capita:	$18,603 US purchasing power parity



Alberta Trade Office in Taipei

Taiwan is a key business and financial centre in the Asia Pacific region and is an important trading partner with Alberta, importing a number of agricultural and resource-based products from the province. As more businesses look to outward expansion, the Alberta Trade Office in Taipei promotes Alberta as an investment destination for industries in Taiwan. Along with Hong Kong and Korea, Taiwan continues to be a primary market for business immigration to Alberta.

2001-2002 HIGHLIGHTS

On August 8, 2002, Alberta Taiwan Office co-organized with the Canadian Trade Office in Taipei an Information Technology (IT) venture capital videoconference that introduced three Alberta IT companies with investment potential.

The three Alberta IT companies to be presented in the videoconference were Yotta-Yotta, a network data storage company; Roam I.T., a mobile data solution provider; and BigBangwidth, a company that provides nanophotonic provisioning technology. Major local venture capital firms attended the videoconference and included: China Development Industrial Bank, Cheng Xin Technology Development Corp., Hotung Venture Capital Corporation and UniPac Management Company etc.

In order to promote Alberta's investment advantages, the Alberta government restructured its representative office in Taipei and the office has been actively cooperating with the Canadian Trade Office In Taipei to enhance local knowledge on investment and trade for Alberta. Surrounded by the beautiful Rocky Mountains, Alberta is a well-known tourism site for tourists from Taiwan.

In November 2001, the Taipei office made a presentation to the Market Committee members of Petrochemical Industry Association of Taiwan to introduce Alberta's investment potential in energy and petrochemical sector. Over 20 representatives from different major petrochemical companies in Taiwan were present.

OFFICE AT A GLANCE

ESTABLISHED: 1993
LOCATION: 13th Floor, 365 Fu Hsing North Road, Taipei, 105, Taiwan
TYPE: Sectoral service
STAFF: 1 contract, 1 locally engaged

SERVICES:
- Promotes Alberta Advantage
- Provides ongoing market intelligence and facilitates activities of Alberta business in Taiwan

EXPORT SECTORS:
Chemicals & Petrochemicals, Environmental Products & Services, Health & Life Sciences, Industrial Machinery & Equipment, Information and Communications Technology

NATIONAL POPULATION: 22.3 million
TOTAL ALBERTA EXPORTS (2001): $211.1 million Cdn (rank: 6th)
MANUFACTURES (1997-2001 AVERAGE): $222.9 million Cdn
FOREIGN DIRECT INVESTMENT IN CANADA (2001): $98 million Cdn

MARKET SIZE (2000):

Nominal GDP: $310.1 billion US
GDP/Capita: $22,646 US purchasing power parity

Alberta USA Office

Alberta's unique trade relationship with several American states has resulted in close coordination and joint promotion activity in several sectors. Efforts are being made to encourage and foster the development of strategic alliances between companies on both sides of the border. Alberta's sector representative in Portland, Oregon, works to enhance trade and investment relations and facilitates issue resolution through senior level missions, media relations, information dissemination and the transmission of market intelligence. The office also supports in-region broker profiling to help Alberta companies find representation in the market place.

2001-2002 HIGHLIGHTS

Overall, exports to the US in 2001-2002 increased on the strength of pipelined and electrical products. Fresh beef products increased from approximately $800 million Cdn to nearly $1 billion Cdn. Telecommunications equipment, on the other hand, were down substantially due to the downturn in the telecommunications sector.

In November 2001, the Alberta USA Office participated in a Team Canada West Mission to Dallas, Texas and Los Angeles, California. The mission was led by Prime Minister Jean Chretien and included Mark Norris, Minister of Alberta Economic Development, Murray Smith, Minister of Alberta Energy and a number of private companies from a variety of industry sectors.

Team Canada West was successful in creating new business contacts for Alberta companies as well as increasing awareness of Alberta's strong economy and positive business climate to American investors. At the same time, Alberta solidified its position as a safe and economically attractive trade and investment destination.

OFFICE AT A GLANCE

ESTABLISHED: 1999
LOCATION: One World Trade Center, 121 S.W. Salmon Street, Suite 1100, Portland, Oregon, 97204
TYPE: Sectoral service
STAFF: 1 posted

SERVICES:

- Mandate now includes all priority sectors
- Focus on providing market intelligence, leads and business facilitation services to Alberta businesses entering the western US market
- Supports strategic alliances, joint venture and investment creation, improved market access and enhanced trade relations with key US states

EXPORT SECTORS:
Building Products, Chemicals & Petrochemicals, Education & Training, Energy, Environmental Products & Services, Health & Life Sciences, Industrial Machinery & Equipment, Information and Communications Technology

NATIONAL POPULATION:	284.4 million
TOTAL ALBERTA EXPORTS (2001):	$50.6 billion Cdn (rank: 1st)
MANUFACTURES (1997-2001 AVERAGE):	$9.6 billion Cdn
FOREIGN DIRECT INVESTMENT IN CANADA (2001):	$215 billion Cdn

MARKET SIZE (2001):

Nominal GDP:	$10.1 trillion US
GDP/Capita:	$35,454 US purchasing power parity

Alberta Mexico Office

Since the North American Free Trade Agreement entered into force in 1994, Alberta's exports to Mexico have been rapidly rising. Mexico has become an important trading partner for Alberta in Latin America. The reason for this is that in addition to NAFTA, Mexico has signed bilateral and trilateral trade agreements with several Latin American countries, and is currently negotiating an agreement with Mercosur (involving Argentina, Uruguay, Paraguay and Brazil). Strategically, Mexico now serves as an entry point to the rest of Latin America.

The agriculture sectoral representative in Guadalajara was employed under contract, and provided market intelligence and network contacts designed to expand trade between Alberta and the state of Jalisco. The contract for this representative was completed in the fall of 2001. A new Alberta Mexico Office will be established within the Canadian Embassy in Mexico City in the fall of 2002.

OFFICE AT A GLANCE

ESTABLISHED: 1995
LOCATION: Calle Schiller No. 529, Colonia Polanco Del.Miguel Hidago, 11560 Mexico D.F., Mexico
TYPE: Sectoral service
STAFF: Local Agent(1 representative) **until fall, 2001**

SERVICES:

- Provides ongoing market intelligence and network contacts designed to expand trade between Alberta and Mexico
- Sectoral scope expanded to include forestry, environment, energy, building material, educational exchanges, student recruitment and tourism

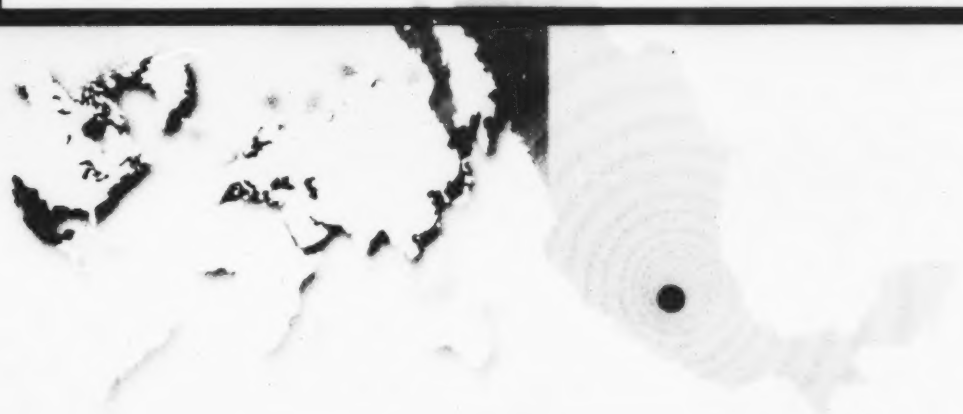
EXPORT SECTORS:
Energy, Agriculture, Building Products, Education & Training, Environmental Products & Services, Industrial Machinery & Equipment

NATIONAL POPULATION:	100 million
TOTAL ALBERTA EXPORTS (2001):	$482 million Cdn (rank: 4th)
MANUFACTURES (1997-2001 AVERAGE):	$162.2 million Cdn
FOREIGN DIRECT INVESTMENT IN CANADA (2000):	$138 million Cdn

MARKET SIZE (2001):

Nominal GDP:	$575 billion US (2000)
GDP/Capita:	$9,020 US purchasing power parity (2000)

New Alberta Mexico Office co-located with the Canadian Embassy opening fall, 2002



Alberta Germany Office

In February 2002, Alberta established an office in Munich, Germany, to stimulate and promote economic development, trade and investment between the Province of Alberta and Germany. The Alberta Germany Office will help businesses navigate German governmental, industrial and corporate infrastructure along with those of other European markets.

As the third-largest economy in the world, Germany is the power centre of the European Union. The introduction of the Euro currency and the elimination of market barriers have solidified Germany as the European Union business and financial hub. Germany ranks highly as an export market for Alberta industrial and consumer goods products. The German buyer is accustomed to working with local agents, who represent foreign suppliers. Access to key market intelligence and aggressive investment promotion activities are vital for Alberta's success in this market.

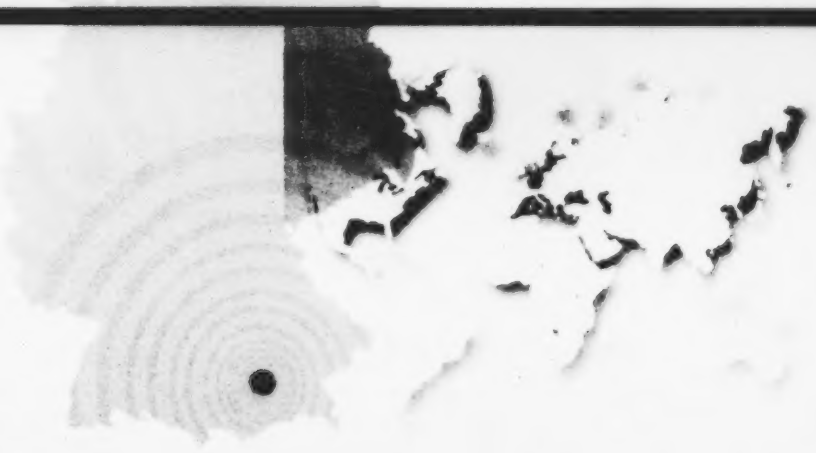
OFFICE AT A GLANCE

ESTABLISHED: 2002
LOCATION: Canadian Consolate, Tal 29, 80331, Munich
TYPE: Sectoral service
STAFF: 1 posted

SERVICES:
EXPORT SECTORS:
Building Products, Chemicals & Petrochemicals, Education & Training, Energy, Environmental Products & Services, Health & Life Sciences, Industrial Machinery & Equipment, Information and Communications Technology

NATIONAL POPULATION: 82.2 million
TOTAL ALBERTA EXPORTS (2001): $111.2 million Cdn (rank: 13th)
MANUFACTURES (1997-2001 AVERAGE): $135.4 million Cdn
FOREIGN DIRECT INVESTMENT IN CANADA (2001): $6 billion Cdn

MARKET SIZE (2001):
Nominal GDP: $1,847 billion US
GDP/Capita: $24,930 US purchasing power parity



Measuring Performance

It is difficult to determine the exact effect the international offices have made on the Alberta economy over the past fiscal year. The offices' clients are private companies, both in Alberta and abroad, and are not required to divulge the details of their operations. At the same time, the results of international trade and investment decisions are, at times, years in the making. The general effectiveness of each office, therefore, is carefully measured by examining certain performance factors.

In the 2000-2001 fiscal year, a performance measurement framework was developed to evaluate the effectiveness of the international offices. Over the past year, the international offices have worked to develop an even tighter performance measures framework that will be used in the following fiscal year. The new framework has been significantly improved and employs more relevant performance measures. This re-evaluation of the performance measures is an indication of the commitment the offices have to continuous improvement.

This improved framework (Figure 1 and Figure 2) has been used to evaluate the offices' performance for the 2001-2002 fiscal year and will be used to measure the performance of the offices for the 2002-2003 fiscal year.

"I want to thank you and your team for helping us to penetrate the Asia market. Alberta Hong Kong Office does a great job to establish a bridge to the local market and co-operate with other offices in Asia. It made our Asia business endeavor smoother and easier."

– John Lee, Asia Business Development Manager, Evans Consoles Inc., Shanghai

"On behalf of Yaan City and EleNet, I would like to extend our great appreciation for your kind arrangement and reception during our visit to Edmonton and Alberta. The information we obtained from your introduction in tourism management and development, forests resources protection and development, agriculture etc. are very valuable to accelerate Yaan's economic construction and implementation."

– Steven Cheng, General Manager, EleNet International Ltd.

FIGURE 1:
PERFORMANCE MEASUREMENT FRAMEWORK FOR INTERNATIONAL OFFICES

INPUTS	PROCESSES	OUTPUTS	OUTCOMES	IMPACTS
KNOWLEDGE	Showcasing Alberta	Total # of events	Anticipated Sales	Prosperity & jobs
FINANCIAL RESOURCES	Gathering Business and Market Intelligence	Qualified leads	Exports	
			Anticipated investment	
	Government to government contact		Capital growth	

C L I E N T S A T I S F A C T I O N

LEADING INDICATORS **LAGGING INDICATORS**

"I would personally like to express appreciation for the extraordinary effort that the members of your staff in Hong Kong put forward to assist us with some difficult problems. Without their invaluable help we simply would not have been able to achieve our goals. They are outstanding individuals and wonderful representatives of the people of Alberta."

– Sandy Durrant, Chairman, Carawan Committee, Calgary Stampede.

"We believe that having an Alberta presence in the United States...is crucial to companies like ours that are making the transition to export marketing."

– Katie Bassili, Fabko Food Ltd., Edmonton

"The Alberta Japan Office has done an excellent job of supporting our business efforts in the Japanese market. The expertise of their commercial officers and overall professional approach has been crucial to our success in Japan."

– Dave Rae, Almax Foods, Calgary

FIGURE 2: PERFORMANCE MEASURE FOR INTERNATIONAL OFFICES (REVISED JUNE 2001)

	ACTIVITIES	CORE MEASURES	SUPPLEMENTARY MEASURES	METHOD
	INPUTS			
1	***Financial Resources*** Measuring resources use	1.1 Budget allocation		Finance system (Dept.)
2	***Knowledge & Innovation*** Measuring staff resources And the currency of knowledge and skills	2.1 External recruitment rate	2a. % staff meeting Minimum training requirements	Employee development plans (Dept.)
	CRITICAL BUSINESS PROCESS, OUTPUTS			
3	***Showing Alberta Abroad*** Measuring awareness of Alberta products and business in the target market to support market entry and investment attraction	3.1 # of seminars of participants 3.2 # of missions/ delegations to Alberta, # of local companies/ investors participating 3.3 # of missions/ delegations to the target market and # of Alberta companies participating	3a. # of media references 2b. # of networking sessions	Inquiry/activity tracking (Office) Project tracking (Office)
4	***Market Intelligence*** Measuring usefulness of information on emerging opportunities within the target market	4.1 % of information users (website, or other medium) who identify the market intelligence as useful	4a. # of user sessions on website 4b. # of website content updates	Website tracking (Offices & dept.)
5	***Business Facilitation*** Measuring type and method of inquiry and the action taken in response and the effectiveness of matching Alberta and local businesses	5.2 # of qualified leads (sales & investment)	5a. # of business inquiries 5b. # of business introductions 5c. # of business introductions leading to negotiations	Client tracking (Office) Project tracking (Office) Inquiry/activity tracking (Office)
6	***Client Satisfaction*** Measuring the satisfaction of clients that international offices are providing value-added service	6.1 Overall client satisfaction	% satisfaction with: 6a. value of market intelligence 6b. advice on local business practices 6c. advice on cultural practices 6d. facilitation of business in target market/Alberta	Client survey (Dept.) • Alberta exporters & businesses • Local importers and investors • Partnering ministries & authorities
	OUTCOMES			
7	***Investment Commitments*** Measuring anticipated investments from target market into Alberta	7.1 Total investment		Client tracking (Office)
8	***Exports*** Measuring overall exports performance	8.1 Total $ value of exports to target market	8a. Total $ value of manufacturing exports to target market 8d. $ value of exports by sector to the target market	Economic research (Dept.)

Results at a Glance

The results for the 2001-2002 fiscal year represent the first full year of measurement of Alberta's international offices. Figures collected in the 2000-2001 fiscal year were gathered over the last six months of the fiscal year and do not represent a statistically true benchmark for the offices. While there are many factors to consider when determining the effectiveness of the international offices, the performance measurement framework uses three key measures to evaluate their impact: the number of business introductions, the total number of sales and investment leads and the overall satisfaction of the clients served by the offices.

In the 2001-2002 fiscal year, the international offices made a total of 882 business introductions, 551 qualified sales/investment leads and showed an overall client satisfaction rate of 87.4 per cent.

In relation to showcasing Alberta abroad, media references vary from one market to the next, however, 206 hits were generated and reinforced by having an Alberta representative "on the spot" ready and able to increase awareness of the Alberta Advantage. This number is well above the target of 138 expected media hits.

There were more than 250 outgoing missions (close to twice as many as coming into Alberta) across all markets with 476 Alberta businesses involved. Close to 2,200 business inquiries were made and approximately 226 business introductions performed by the international offices led to negotiations - a task that would be otherwise impossible without the existence of the offices.

QUALIFIED LEADS

To truly understand the significance of the 551 qualified/investment leads achieved this year, there must be a clear understanding of what is considered a qualified lead and an understanding of the activities and effort involved in generating a qualified lead. In terms of the operation of the international offices, a qualified lead is one in which an Alberta-based company has better than a 50 per cent chance of reaching a successful, contractual agreement with a foreign company or government. Each lead is the result of hours of invaluable research performed by the international offices, an initial introduction performed by the office staff, many additional meetings between the companies involved and a follow up call from a representative of the office. A qualified lead may take several years to achieve.

CLIENT SURVEYS

The overall satisfaction rate of 87.4 per cent was determined through a client satisfaction survey, administered through the 2001-2002 fiscal year. This survey gathered feedback from clients on their satisfaction levels in regards to three business services provided: business facilitation, advice on cultural practices, and the provision of market intelligence.

The level of satisfaction regarding the provision of advice on cultural practices was quite high. Approximately 81 per cent of all clients surveyed were satisfied with this service. This service was considered by 75 per cent of clients to be important. As well, 90 per cent of clients reported the market intelligence resource was important and 84 per cent of all clients surveyed were satisfied with this service.

The result of the client survey showed that overall, clients are very satisfied with the services provided by the international offices and 95 per cent of the clients surveyed would consider using the services provided by the international offices again. Using suggestions provided by clients, the international offices will continue to improve their services and encourage future business.

BUDGET

In terms of the cost of operating the compared international offices in the 2001-2002 fiscal year, there was a negative budget variance of 2.3 per cent compared to a positive variance of 2.7 per cent shown the previous fiscal year. These additional unforseen expenditures were the result of increased security costs imposed by the federal government after the events of September 11th and a result of a one-time retirement and separation package in Asia. The budget deficit is covered elsewhere in the department budget.

Future Plans and Considerations

Given the untold potential for international trade and investment, there is much work left for the international offices to do. Given the success of the offices to date, and the important role they play in the bright future of Alberta's economy, additional expansion is certainly on the horizon. Recruitment is underway for skilled and knowledgeable personnel to staff the new Alberta Mexico Office that is scheduled to open in the fall of 2002. As well, another new office is being considered in the major European financial centre of London, England.

A great deal of work the international offices will undertake over the next year will focus on the constant improvement of the services they deliver. The international offices have established a dedicated work team to address the challenges and opportunities encountered during everyday operations as well as those that are part of the bigger picture. These individuals currently meet twice a year and are concentrating on how to streamline internal operations, improve communications and provide a consistent level of service excellence. The group is continuing to look at ways to improve the performance measurement framework, and address issues that have particular bearing on the department's business plan and the Alberta International Marketing Strategy. To this end, the results of the 2001-2002 fiscal year will be used to better estimate targets for future years.

Conclusion

Alberta has long looked to the horizon with the vision of creating a sustainable and prosperous future. Alberta's international offices have an impressive history of service, playing an important role in making this vision a reality. Now more than ever, it is important that Alberta take its place on the global economic stage. With this in mind, a good deal of effort has been spent over the past two fiscal years re-examining the operation and role of these important offices. A new mandate has been given and new yardsticks created to measure their performance and now, more than ever, they are proving just how important they are to not only the growth of the Alberta economy, but also the future of our province. A brilliant future filled with unprecedented potential and success.

Appendices

APPENDIX ONE: INPUT MEASUREMENTS

The following table lists budget versus actual expenditures for each office for the last fiscal year. As might be expected, expenditures are highly influenced by varying exchange rates among markets.

ALBERTA ECONOMIC DEVELOPMENT INTERNATIONAL OFFICES
BUDGET VS. ACTUALS COMPARISON
APRIL 1, 2001 - MARCH 31, 2002

	Original Budget 2001/2002	Actual Expenditures as at March 31, 2002	Available Funds/ Variance	Variance by %
Beijing Office	714,600	816,465	-101,865	-14.3%
Harbin Office	39,000	33,404	5,596	14.3%
China Alberta Petroleum Centre	837,850	767,330	70,520	8.4%
Hong Kong Office	612,300	562,097	50,203	8.2%
Taipei Office	170,600	152,568	18,032	10.6%
Seoul Office	450,720	635,462	-184,742	-41.0%
Tokyo Office	1,810,700	2,039,766	-229,066	-12.7%
Portland Office	268,230	261,260	6,970	2.6%
Mexico (Consultant)	51,000	36,976	14,024	27.5%
Mexico Office	227,728	45,622	182,106	80.0%
Munich Office	207,272	160,696	46,576	22.5%
Total All Offices	5,390,000	5,511,646	(121,646)	-2.3%

The colocation charges from the Federal Government increased by $125,700 from 2000-2001 to 2001-2002 as a result of the following: Increase of staff from 5 to 6. Overall increased operating cost of the Embassy of which Alberta pays a portion, and increase in residence cost for the trade director.

In accordance with generally accepted accounting principles established by the Canadian Institute of Chartered Accountants, beginning with the 2001-02 fiscal year Alberta Economic Development has recognized future employee costs related to retirement and separation allowances that locally engaged staff of the international offices receive at the conclusion of their employment. The allowances differ between international office depending upon the local employement laws and practices of the country in which the international office resides. The costs incurred in 2001-02 are $336,587 for the Japan Office and $118,136 for the Korea Office.

APPENDIX TWO: PROCESSES/OUTCOMES

The performance measurement information listed in the following table attempts to capture indicators for the offices in those areas where the type of service offered can be commonly tracked from one office to the next. It is important to note that different cultures and operating environments demand different approaches to doing business and defy tabular comparison. While substantial work is being done to modify the targets for future years, the current table does not represent the full extent of Alberta's international presence or the true outcomes of its activities abroad. Given this, it is evident that the offices are used by thousands of people.

ALBERTA ECONOMIC DEVELOPMENT
INTERNATIONAL OFFICES PERFORMANCE EVALUATION - 2001-2002 REPORT

Ref #	Measures:	Target	Year end	Per cent
3.1	# of business seminars/info. sessions	124	215	173%
3.1	# of participants	4,380	10,173	232%
3.2	# of missions to Alberta # of local	129	130	101%
3.2	# of investors/importing companies involved	185	231	125%
3.3	# of delegations to the target market	143	251	176%
3.3	# of Alberta companies involved	246	476	193%
3a	# of media references	138	206	149%
3b	# of networking sessions	325	412	127%
4a	# of user sessions	114,000	270,144	237%
4b	# of website content updates	86	76	88%
5.2	# of qualified leads	417	299	72%
5a	# of business inquires	1,906	2,190	115%
5a	# of inquiries not responded to within 2 working days	86	72	84%
5a	# of inquiries not resolved within 2 weeks	26	24	92%
5b	# of business introductions	570	645	113%
5c	# of business introductions leading to negotations	216	226	105%

APPENDIX THREE: IMPACT MEASUREMENTS

Increasing exports of Alberta goods and services to international markets and expanding the amount of foreign direct investment into the province are among the international offices' most basic goals. While a number of factors influence the global flow of goods, services and capital - exchange rates, the health and economic wealth of nations, political regimes, rules and regulations and so on - Alberta's international offices are an important part of the mix. The table presented below represents the results of Alberta's presence and activities in selected markets. Data for service trade by market and foreign investment into Alberta cannot be accurately measured and are, therefore, not available. Commodities trade and first-hand accounts of international investments made in Alberta are presented as appropriate proxies.

TRADE

Alberta's international commodity export performance in 2001-2002 was significantly positive in most markets.

TOTAL EXPORT COMPARISON FOR THE PROVINCE OF ALBERTA

Countries	2000 (in million C$)	2000 % of Total Alberta Export	2001 (in million C$)	2001 % of Total Alberta Export	% Increase
Japan	1,340.9	2.42%	1,288.2	2.27%	-3.93%
China	771.4	1.39%	888.8	1.56%	15.22%
Hong Kong	156.6	0.28%	100.6	0.18%	-35.76%
South Korea	567.4	1.03%	461.4	0.81%	-18.68%
USA	48,732.0	88.07%	50,565.7	88.92%	3.76%
Mexico	356.1	0.64%	482.0	0.85%	35.36%
Taiwan	235.5	0.43%	211.1	0.37%	-10.36%
TOTAL	52,159.9	94.27%	53,997.8	94.96%	3.52%
Total Alberta Exports	55,331.5	100.00%	56,864.5	100.00%	2.77%

Source: AED Annual Economic Review 2000-2001

INVESTMENT

International investors looking to establish or expand their operations into new markets generally have no shortage of options and invitations. Alberta's international offices play a crucial role in promoting the Alberta Advantage and making sure that these investors make the best choice. The success of these efforts is reflected in significant levels of foreign direct investment in Alberta.

TOTAL FOREIGN DIRECT INVESTMENT COMPARISON FOR CANADA

Countries	2000 (in million C$)	2000 % of Total Canada FDI	2001 (in million C$)	2001 % of Total Canada FDI	% Increase
Japan	7,897	2.61%	8,285	2.58%	4.91%
China	194	0.06%	203	0.06%	4.64%
Hong Kong	3,374	1.12%	4,266	1.33%	26.44%
South Korea	184	0.06%	185	0.06%	0.54%
USA	191,017	63.19%	214,960	66.98%	12.53%
Mexico	138	0.05%	n/a	n/a	n/a
Taiwan	96	0.03%	98	0.03%	2.08%
TOTAL	202,900	67.12%	227,997	71.04%	12.37%
Canada Total FDI	**302,299**	**100.00%**	**320,931**	**100.00%**	**6.16%**

Source: Statistics Canada

HOW TO CONTACT US

EDMONTON
Alberta Economic Development
4th Floor, Commerce Place
10155-102 Street
Edmonton, Alberta
Canada T5J 4L6
Phone: 1-780-427-4809
Fax: 1-780-422-9127
URL: http://www.alberta-canada.com

CALGARY
Alberta Economic Development
Investment Attraction Branch
Suite 300, 639 - 5th Avenue S.W.
Calgary, Alberta
Canada T2P 0M9
Phone: 1-403-297-8917
Fax: 1-403-297-6168
Email: Investin.Alberta@gov.ab.ca

INTERNATIONAL OFFICES

BEIJING, CHINA
Alberta China Office
Canadian Embassy
19 Dongzhimenwai Dajie
Chaoyang District, Beijing 100600
People's Republic of China
Tel: 86-10-6532-3536, ext 3610
Fax: 86-10-6532-1304
URL: http://www.albertachina.com
Email: david.wong@dfait-maeci.gc.ca

CNPC -
ALBERTA PETROLEUM CENTRE
#20 Xue Yuan Road
Science and Technology Building
HaiDian District
Beijing, 100083
People's Republic of China
Tel: 86-10-6209-8522
Fax: 86-10-6209-8529
Email: angelo.zia@capcbj.com.cn

HARBIN, CHINA
294 Fendou Road
Harbin, China 150001
Tel: 86-451-363-8929
Fax: 86-451-363-8929
Email: liuhm@public.hr.hl.cn

HONG KONG, CHINA
Alberta Government Office
Room 1004 Admiralty Centre,
Tower Two
18 Harcourt Road
Central, Hong Kong SAR
Tel: 852-2528-4729
Fax: 852-2529-8115
URL: http://www.alberta.org.hk
Email: gov.ab@alberta.org.hk

SEOUL, SOUTH KOREA
Alberta Korea Office
Canada Embassy
9th floor, Kolon Building
45, Mukyo-dong, Chung-ku
Seoul, 100-170
Republic of Korea
Tel: 82-2-3455-6000
Fax: 82-2-773-8966
URL: http://www.altaseoul.net
Email: cliff.wulff@dfait-maeci.gc.ca

TAIPEI, TAIWAN
Office of the Alberta Trade
Representative in Taipei
Canadian Trade Office
13th Floor
365 Fu Hsing North Road
Taipei, 105, Taiwan
Tel: 886-2-715-3637
Fax: 886-22-715-1717
Email: lian.chen@dfait-maeci.gc.ca

TOKYO, JAPAN
Alberta Japan Office
Place Canada, Third Floor
3-37 Akasaka 7-chome
Minato-ku, Tokyo 107, Japan
Tel: 81-3-3475-1171
Fax: 81-3-3470-3939
URL: http://www.altanet.or.jp
Email: ajo@altanet.or.jp

MEXICO CITY, MEXICO
Alberta Mexico Office
Calle Schiller No. 529
Colonia Polanco
Del. Miguel Hidalgo
11560 Mexico D.F., Mexico 11560
Tel: 52-555-387-9302
Fax: 52-555-724-7982
Email: lorena.patterson@dfait-maeci.gc.ca

MUNICH, GERMANY
Alberta Government Office
Canadian Consulate
Tal 29
80331 Munich, Germany
Tel: 49-89-21-99-57-40
Fax: 49-89-21-99-57-57
Email: karin.teubert@dfait-maeci.gc.ca

PORTLAND, USA
Alberta Trade Office
One World Trade Center
121 S.W. Salmon Street, Suite 1100
Portland, Oregon 97204 USA
Tel: 503-471-1316
Fax: 503-471-1317
URL: http://www.alberta-canada.com/usa
Email: wes.sawatzky@gov.ab.ca

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